

Technology in the Business Sector

It was way back in 1985 that I had my epiphany about the strategic role of technology in the business sector. It is a view that has never since wavered.

But it took some time to come. As a Chartered Accountant, I had been fooling around with e-mail and various online services since 1982. I was quite convinced that something significant was happening, but I couldn't be quite sure what. My uncertainty manifested itself in the fact that I couldn't quite describe to those around me that we needed to pay attention to what was going on in the then nascent hi-tech sector.

But in 1985, I was asked to move to the national office of the accounting firm for which I worked. This came about because several senior executives saw me as someone who was a bit adept with emerging technologies. Given that the firm was beginning a headlong rush into PC technology, they asked if I could help the company take advantage of what was becoming an explosion of sophisticated communication capabilities.

Thus began my evolving role from being a traditional accountant, to someone who has become recognized for having rather keen insight into the role of technology in the world of business. And it was way back then — almost eighteen years ago, in fact — that I developed the guidance that became my mantra for the strategic use of technology in a business.

The mantra is simple — any technology solution must fit one of three tests: How can it be used to:

- run the business better?
- achieve some type of competitive advantage, fleeting or sustainable, in the market in which the company operates?
- assist in the achievement of other stated business goals and strategies?

Since that time, I've religiously applied that rule to any business situation. That's probably why I became known as a well-known skeptic of the silliness occurring during the dot.com years, at the same time that I continued to expound upon the nature of the opportunities to be had.

Damage has been done

Remember those years?

From my perspective, the business world collectively went insane during the dot.com years. While I was certainly busy educating people as to the potential of the online world in such books as the *Canadian Internet Handbook*, I was also expressing caution as to some of the lofty expectations that were being developed.

Take online shopping. Some four years before the valuation of various dot.com's reached stratospheric proportions, I was expressing concern that some people were getting carried away:

Despite the glowing sales predictions, Jim Carroll, a co-author of the Canadian Internet Handbook, argues there's too much hype over Internet shopping and not enough buying. "Some people are claiming it will capture 10 per cent of retail sales in five years. That's preposterous," Mr. Carroll says.

Internet shopping remains a leap of faith, Globe & Mail, 12 November 1996

Yet clearly, too many people were busy "drinking the Kool-Aid," convincing themselves that with a dot.com, everything would be different. How bad did things get? Believe it or not, the prospectus for Buy.com, a dot.com that had the lofty goal of putting WalMart out of business, actually stated this:

"We sell a substantial portion of our products at very low prices. As a result, we have extremely low and sometimes negative gross margins on our product sales."

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This, in a document meant to attract investors — which it did! I remembering joking on national TV that maybe the typical dot.com business plan was to give things away at a loss and make it up in volume!

During the dot.com years, companies loudly proclaimed their ignorance of what was going on, since it was a clever way of boosting their stock price. Seriously! After all, online car retailer AutoByTel.com noted in its IPO document that:

"None of our executives has significant experience in the industry. This limited operating history and management experience means it is difficult for us to predict future operating results."

Ignorance, I suppose was a virtue. Oh, those were the days! Remember Jeff Bezos of Amazon.com, when he stated in 1997 that:

"We're going to be unprofitable for a long time. And that's our strategy."

This type of comment actually boosted their stock price. Did people really lose their sanity? I suppose so — because Chris Mullen of online convenience store delivery service Kozmo.com, quoted in Newsday, October 27, 1999 that:

"We're a dot.com company. We don't have to be profitable."

That's why I hated the dot.com years despite the excitement within them. I was thrilled to see the house of cards collapse in the stock market selloff of April of 2000, noting in my column in the Globe & Mail at the time that it would help to bring some sanity back to the world of business.

How far we have come, how far we have yet to go

"...from my perspective, we have barely scratched the surface in terms of what is possible."

And yet, in retrospect, the hysteria of the dot.com years did far more than provide people with a good retrospective laugh — they did tremendous damage to our enthusiasm for technology solutions in the workplace.

Remember our enthusiasm of years gone by?

It seemed that anything was possible, and anything could be done. During the 90's, despite the carnival atmosphere surrounding the Internet, many companies spent a lot of strategic time figuring out how to evolve and adapt to a world that was going to be different.

And how far we came in but a short time! Go back but ten years, and think how limited we were in terms of business intelligence and knowledge exchange. Most companies, large and small, were just starting to introduce e-mail. The Web was primitive, and Web browsers did not exist. Most companies ran simple, unsophisticated accounting systems in which receivables, inventory, payable and treasury systems functioned on an isolated, stand-alone basis. Word processing was limited to but a few staff, and executives were afraid to be seen hunting-and-pecking on a keyboard. File and document transfers? "Sneakernet" ruled the day, since few organizations had corporate networks in place.

Now pause again, and think how far we have come in but 10 years. Think of the productivity improvements we have seen, and the opportunities we have learned to exploit as a result of electronic knowledge sharing. Imagine your organization without the technology solutions that you now have at your disposal.

And yet here's the key point — from my perspective, we have barely scratched the surface in terms of what is possible. Yes, we've invested in a variety of systems, and have achieved some significant productivity improvements as a result.

But because of the dot.com hangover, we've lost our enthusiasm for exploring new applications and capabilities. Today, when it comes to technology solutions, we suffer from a variety of problems:

- Skepticism. Too many companies are now skeptical about the role of technology solutions.
- Inertia. We simply aren't motivated to explore new opportunities.
- Uncertainty as to ROI. Given that many of us might have invested in our own dot.com foray's, we're a bit nervous about trying anything new.
- Lack of management support. Overall, we're unwilling to take risks, because anyone who took a risk in the 90's often came to suffer as a result.

I find it incredibly sad that our enthusiasm for the strategic application of technology to the business has been damaged by the hysteria of the 90's. And since that time, my message has been consistent: we need to get over it, and get back to the strategy

Why we need to continue going forward

Over the last decade, the pace of change within organizations has sped up to a tremendous degree. Managers and staff are faced with unprecedented demands for performance. External events, new technologies, heightened market competition, new ways of working and the pressure to do more with less have all led to a need for a constant juggling of roles and responsibilities.

The fact is, the world of business today is quite different from what it was ten years ago, and every organization has to work far more effectively in order to survive and thrive.

And in a world of constant, relentless change, staff and management need critical business intelligence as never before. Sadly, the intelligence is often buried away, locked up in inefficient paper-distribution processes, with the result that staff and management cannot access critical information when they need it.

How bad is it? One study suggests that the average employee wastes about five weeks a year looking for documents. They won't find much of what they need — since another study suggests that 3% of all office documents are lost, and end up being retrieved at an average cost of \$125. The cost of moving all this paper around is horrific — it costs about \$25,000 to fill the average filing cabinet, and an additional \$2,500 per year to maintain each one!

These numbers are truly preposterous, and put into perspective that despite our investment of the last decade, there is still far more that can be done. Clearly in a world of vastly increasing business complexity, companies must learn to better manage the information that they need, and they must deliver business systems that make available critical business information on-demand.

Corporate Portals and Business Intelligence

That's where the concept of the corporate information portal comes in.

It's not some type of fanciful hype brought on by technology companies. It is an increasingly effective and necessary tool that helps out with a business world that clearly needs some productivity improvements when it comes to way it deals with business intelligence.

Corporate portals use the connectivity of the corporate network, the ease of the Web browser, and sophisticated transaction, data warehouse and business intelligence tools at the back-end, to provide employees and executives with access to critical electronic information, when they need it.

Many organizations are enjoying a tremendous transformation in information use as a result of their corporate portal. **The Ford Motor Company** has a vast Intranet that now has some 5,000,000 hits per day by some 200,000 users. They evolved from a simplistic search engine that indexed a variety of internal Web sites, to a sophisticated corporate portal known as MyFord that encompasses a vast range of information. Today, staff can undertake a variety of self-service transactions related to HR and benefits; access libraries of internal documents; or share knowledge and expertise with their staff partners worldwide.

Then there is **Kaeser Kompressoren**, an air compressor manufacturer with global operations in some 60 countries, and a customer based that includes organizations such as BMW, Coca-Cola, and Samsung. They are using their corporate portal deliver pricing updates, marketing presentations, and product specifications — information that was previously distributed on CDROM, fax, and via e-mail. They are also using it as a strategic tool, publicizing key sales wins and deals in progress published by marketing and sales teams.

AmeriKing, a Burger King franchisee with 11,000 employees and \$320 million in revenue, found that it was spending \$48,500 every time it had to distribute P/L statements. It moved this information over to its corporate portal, and expects an ROI of 255% over the first three years.

Maysteel, a Milwaukee based maker of components for electronics, implemented a sophisticated ERP system, but only "power users" could get to the data. The portal application that they implemented provides a bridge from the executives to the needed intelligence buried within their system.

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Pratt & Whitney? Their distributed engineering staff, individuals who are frequently on the road, were unable to access the corporate ERP in order to input project time while travelling. They implemented a corporate portal application that provides a bridge from any Web browser, anywhere on the planet, to the appropriate project system.

The Washoe Health System, Northern Nevada's large integrated health care system, implemented a centralized Web repository for policies and procedures, employment listings, marketing materials, benefit and payroll information, health care reference sites and other information. The next step? They're focusing on business process, with the goal of paperwork reduction.

These are but a few examples, and yet the common thread among all of them is quite simple — the Web browser acts as a single window into corporate intelligence and business applications. It involves a strategy that is within the firewall, as opposed to outside. And it isn't just simple information access, but business process integration.

What is the bottom line benefit of a corporate portal? Think of it this way — if a company can cut the five weeks of wasted time a year down to just one week through increased efficiency, it will have saved the equivalent of one month of company payroll. It will have released the time of staff and executives to more valuable, productive work. And it will have empowered staff and executives with better information that will spur the organization on to greater success.

How do you get there?

"There is an opportunity within every company to create an integrated, online internal network and information source that fundamentally changes the way information is distributed and managed within the organization."

The concept of the portal, and the integrated business intelligence system behind it, used to be limited to Fortune 1000 companies. But now, as the software implementation cost continues to decrease, it's a solution that is becoming available to an increasing number of organizations.

There is an opportunity within every company to create an integrated, online internal network and information source that fundamentally changes the way information is distributed and managed within the organization. Properly deployed, it can take the organization one step further towards a business environment that sees a reduction in the number of manual processes, a decrease in clerical effort, better cost containment, improved information management and a streamlining of the information production process.

Over the last few years, many companies have woken up to the potential of corporate portals. And yet, they might find themselves struggling to make their strategy work. The fact is, corporate portals go through three distinct phases.

The first phase involves the emergence of multiple internal corporate Web sites, and a sudden explosion in unorganized, often inaccessible information. Sure, there are some savings in printing costs, but all kinds of inefficient processes are reintroduced back into the organization.

Then, transaction portals are introduced, that offer a variety of self-service capabilities (at first, most often with HR applications.) The organization begins to realize that this isn't just about information distribution, but the restructuring of business processes. And yet, it can't realize on the potential, due to the fact that such efforts are often fractured, uncoordinated, and don't follow any specific strategy for deployment.

Finally, the organization realizes that it needs a cohesive, enterprise wide approach — an enterprise strategy that provides for a rational, cost effective business intelligence system that will carry the organization into the future.

That's where you need to be, and that's what you need to be thinking about.

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